



Lowell City Council

Regular Meeting Minutes

Michael Q. Geary
City Clerk

Date: April 3, 2017
Time: 6:00 PM
Location: City Council Chamber
375 Merrimack Street, 2nd Floor, Lowell, MA

Finance SC April 3, 2017.

RE: Discussion of Net School Spending FY16-FY17; Refunding Bonds, Budgetary Savings; Auditor-Management Letter; and Debt Exclusion-Lowell High School Project.

The Public is invited to attend.

PRESENT:

Present on Roll Call were C. Elliott, C. Leary and C. Milinazzo. Also present were C. Mercier, Bryan Perry (Auditor), Conor Baldwin (CFO), C. Samaras, Robert Healy (Fin. Con.) Manager Murphy and Rodney Conley (Asst. CFO).

MEETING CALLED TO ORDER:

C. Elliott called the meeting to order in the Council Chamber.

ORDER OF BUSINESS:

Manager Murphy commented on his financial administration and the work that is being done regarding those matters in the City. There was a presentation presented to the body entitled "Presentation to Lowell City Council Finance Subcommittee dated April 3, 2017". Mr. Baldwin outlined first item FY 16/17 Net School Spending by commenting on the historical contributions as well as future projections. Mr. Baldwin noted that the money provided to the School Department enables City children to obtain top level education. C. Elliott commented on the resources used for School Department and what is done with any excess in funding. Manager Murphy noted that money is not returned to City if not used. C. Milinazzo commented on increase and questioned formula that is used to calculate same. Manager Murphy noted that



the parties are still operating under the same maintenance of effort agreement and the administration are tracking and labeling expenses more efficiently. C. Elliott commented on amount of debt service applied to School Department. Mr. Baldwin noted debt service is not included in net spending formula. C. Leary questioned the decrease in net funding for next year. Mr. Conley noted that number was supplied by the School Department and that the administration was looking to see if it was accurate. C. Leary questioned next budget funding for School Department. Manager Murphy noted it was to be increased by three million dollars. C. Milinazzo reviewed next budget numbers. Mr. Baldwin outlined how the net school spending totals are calculated. C. Samaras questioned how business manager at DPW interacts with tracking costs being spent on schools. Manager Murphy noted how that manager inputs for the entire financial scheme at DPW.

Mr. Baldwin commented on second item the refunding of bonds. Mr. Baldwin noted it was an opportunity to pay back at lower interest rates and that it would improve City's financial rating. C. Elliott commented on the process for refunding bonds. Mr. Baldwin noted the process and how it generated savings and improved the financial position of the City. Mr. Baldwin commented on bond rating of the City. C. Milinazzo noted credit rating was impressive and that savings are beneficial. Mr. Baldwin commented on present value dollars and how it would calculate in the future. C. Leary questioned debt service remaining on all school buildings. Mr. Baldwin commented on existing debt service for schools. C. Mercier questioned how the costs savings are calculated. Mr. Healy noted lower interest rates cause the savings.

Mr. Baldwin discussed third item FY16 Audit-Management Letter. Mr. Baldwin note two items regarding letter which were cash reconciliation and updated financial software. Mr. Perry commented on the reconciliation by use of improved software would provide documentation. C. Milinazzo noted the letter indicated "no material weaknesses" and that findings are becoming less prominent. C. Elliott noted financial software MUNIS. Mr. Perry noted issues with ramping up the software. C. Elliott questioned number of accounts existing in the City. Mr. Baldwin noted the amount and that were consolidating and closing many of them. Mr. Baldwin commented on the management letter noting the items that had been eliminated as well as noting the difficulty in assessing personal property. Mr. Healy commented on the collection of taxes due. C. Elliott commented on the need to protect small businesses in some manner. C. Elliott commented on how possible cuts to Community Development Block Grants would affect the City. Mr. Baldwin commented on excess levy amounts and reserve amounts and the difference between the two. C. Elliott commented on Health Insurance Trust Fund. Mr. Baldwin noted it was a mitigation fund. Manager Murphy commented on the funding of that account.

The last item Mr. Baldwin reviewed was the LHS Project Debt Exclusion. Mr. Baldwin reviewed the debt service chart noting future projections and the effect on future projects like new



police station and police/dpw headquarters. C. Leary commented on Capital Plan Funding. Mr. Baldwin review same indicating what the City Council had approved. C. Leary noted the need to have a sustained effort for maintaining property as a cost savings measure. Mr. Conley commented on maintenance efforts to save on future costs. Mr. Baldwin noted debt service for proposed project and how it would affect the taxes on residences and business in the City. C. Leary noted that the reports were detailed and informative. C. Milinazzo questioned if reimbursement amount could be altered in any fashion with Mass School Building Authority (MSBA). Mr. Healy commented on that possibility. C. Milinazzo questioned if bond could go out forty years. Mr. Baldwin noted statute recommends thirty years. C. Leary noted that must continue moving in right direction and that a longer term could be beneficial if possible. Mr. Conley noted MSBA and the City are constantly commented on different scenarios. C. Elliott commented it would be worthwhile to investigate a longer term.

Motion to accept the report as a report of progress C. Leary, seconded by C. Milinazzo. So voted.

ADJOURNMENT:

Motion to adjourn by C. Leary, seconded by C. Milinazzo. So voted.

Meeting adjourned at 7:13 PM.

Michael Q. Geary, City Clerk
